

Message Text

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PAGE 01 STATE 068014
ORIGIN EB-08

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 NSC-05 TRSE-00
SS-15 STR-04 OMB-01 CEA-01 L-03 H-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 INT-05 AGRE-00 DODE-00 PA-01 PRS-01
ITC-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 SIG-01
MMO-01 /125 R

DRAFTED BY: EB/ORF/ICD:EAWENDT

APPROVED BY: EB:JLKATZ

ARA/ECP:ACOOLEY

E:CFRANK

AF/EP:RDUNCAN

EA/EP:AGEBER

NEA/RA:RPRICKETT

EUR/RPE:PMC CLEAN

EB/ORF:SWBOSWOTH

COMMERCE:AJMACONE

USDA:JBENSON

TREASURY:HGALE

S/S-O:S.STEINER

-----290515Z 018341 /15/66

P 270138Z MAR 77

FM SECSTATE WASHDC

TO ALEMB

USMISSION GENEVA IMMEDIATE

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C O R R E C T E D C O P Y (PARA 3 LINE 1 OMITTED)

GENEVA ACTION IMMEDIATE; OECD CAPITALS, KINGSTON, CARACAS,
LIMA, BRASILIA, KINSHASA, LUSAKA, MANILA, JAKARTA, KUALA LUMPUR,
BANGKOK, ALGIERS, CAIRO, JIDDA, TEHRAN, ISLAMABAD, NEW DELHI,
LAGOS, USUN NEW YORK, TAKE FOR PRIORITY ACTION; ALL
OTHER POSTS ROUTINE ACTION

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PAGE 02 STATE 068014

E.O. 11652:N/A

TAGS: ECON

SUBJECT:GUIDANCE ON COMMODITY ISSUES AND COMMON FUND
IDANCE ON COMMODITY ISSUES AND COMMON FUND

1. THE US STATEMENT DELIVERED MARCH 10 AT THE COMMON FUND NEGOTITING CONFERENCE IN GENEVA HAS BEEN TRANSMITTED BY WIRELESS FILE.

POSTS MAY AT THEIR DISCRETION GIVE THE TEXT TO HOST GOVERNMENTS OR OTHERWISE DRAW ON IT IN DISCUSSIONS OF RAW MATERIALS ISSUES. IN SO DOING THEY SHOULD ALSO DRAW ON THE FOLLOWING GUIDANCE.

2. THE STATEMENT THAT THE US HAS NO A PRIORI OBJECTION TO A COMMON FUND FOR INDIVIDUALLY AGREED BUFFER STOCKS SHOULD NOT REPEAT NOT BE CONSTRUED TO MEAN WE CAN NOW ACCEPT A COMMITMENT IN PRINCIPLE TO A COMMON FUND. RATHER, WE ARE PREPARED TO EXPLORE, DEVELOP AND NEGOTIATE ON--WITHOUT PRECOMMITMENT--PROPOSALS FOR COMMON FUNDING IN PARALLEL WITH THE WORK ON INDIVIDUAL COMMODITIES NOW UNDERWAY. WE VIEW THE COMMON FUND AS A HIGHLY COMPLEX SUBJECT. THE ADMINISTRATION WILL NEED MORE TIME TO STUDY THIS ISSUE FULLY BEFORE ANY COMMITMENT CAN BE CONSIDERED. WE HAVE ENTERED INTO A PROCESS OF DISCUSSION AND NEGOTIATION ON THIS ISSUE BUT CANNOT YET FORESEE A PARTICULAR OUTCOME.

3. THE STATEMENT OUTLINES A POSITIVE, COMPREHENSIVE AND OPEN-MINDED APPROACH TO THE MAJOR RAW MATERIAL ISSUES OF PRICE STABILITY, EXPORT EARNINGS STABILIZATION, TRADE PROMOTION, RESOURCE DEVELOPMENT, AND INVESTMENT. AS THE STATEMENT NOTES, THE NEW ADMINISTRATION IS IN THE PROCESS OF FORMULATING SPECIFIC VIEWS ON THESE ISSUES. THIS REVIEW HAS NOT BEEN COMPLETED, AND POSTS SHOULD AVOID SPECULATION ON SPECIFIC POLICIES AND PROPOSALS THAT MAY RESULT FROM LIMITED OFFICIAL USE

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PAGE 03 STATE 068014

THIS REVIEW.

4. PRICE STABILIZATION AND BUFFER STOCK FINANCING.

WE ARE EXPLORING IN A POSITIVE MANNER THE POTENTIAL FOR PRICE STABILIZATION OF INDIVIDUAL COMMODITIES, BUT THE GOAL OF ANY SUCH AGREEMENTS, IN OUR VIEW, MUST BE TO SEEK TO STABILIZE PRICES AROUND THE LONG-TERM MARKET TREND AND NOT TO INCREASE PRICES AS A MEANS TO TRANSFER RESOURCES TO DEVELOPING COUNTRIES.

5. INDIVIDUAL COMMODITIES. WE BELIEVE THAT AMONG THE 18 COMMODITIES SPECIFIED IN THE MAY 1976 UNCTAD IV RESOLUTION ARE SOME PRODUCTS THAT HAVE POTENTIAL FOR INTERNATIONALLY AGREED STABILIZATION MEASURES, INCLUDING IN SOME CASES BUFFER STOCKS. BUT THE CHOICE OF ANY PARTICULAR MEASURE STILL REQUIRES CONSIDERABLE FURTHER ANALYSIS. THIS ANALYSIS IS NOW TAKING PLACE IN INDIVIDUAL INTERNATIONAL COMMODITY ORGANIZATIONS AND IN THE SERIES OF PREPARATORY MEETINGS ON PARTICULAR COMMODITIES UNDER THE

UNCTAD IV RESOLUTION SCHEDULED TO BE COMPLETED BY
FEBRUARY 1978.

6. FYI. THE NEW ADMINISTRATION IS MAKING A MAJOR EFFORT
TO DEVELOP NEW APPROACHES TO KEY RAW MATERIALS ISSUES,
BUT PRESS STORIES TO THE EFFECT THAT THERE HAS BEEN A
COMPLETE REVERSAL OF POLICY ARE UNFOUNDED.
END FYI.
CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMODITIES, INSTRUCTIONS, POLICIES, FUND ALLOTMENT, BRIEFING MATERIALS, MUTUAL FUNDS, STOCKPILES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE068014
Document Source: CORE
Document Unique ID: 00
Drafter: EB/ORF/ICD:EAWENDT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770180-0684, D770178-1101, D770105-0229
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From: STATE
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Image Path:
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Line Count: 125
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 44f339b1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2982978
Secure: OPEN
Status: NATIVE
Subject: GUIDANCE ON COMMODITY ISSUES AND COMMON FUND IDANCE ON COMMODITY ISSUES AND COMMON FUND
TAGS: ECON, XX, US
To: ALL POSTS GENEVA
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/44f339b1-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009